

Message Text

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15

ACTION EB-07

INFO OCT-01 EUR-12 IO-11 ISO-00 FEA-01 AGR-10 CEA-01

CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15

STR-04 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01

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R 271840Z FEB 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 1197

AMEMBASSY MADRID

AMEMBASSY PARIS

AMEMBASSY ROME

INFO USMISSION EC BRUSSELS

USMISSION OECD PARIS UNN

UNCLAS MTN GENEVA 1470

EC BRUSSELS FOR HOFFMAN

OECD PARIS FOR LEVINE

PASS STR FOR INFO

H PASS CODEL

PASS ITC, TREASURY, AGRICULTURE, USIA/IEU, IPS FOR

ALLEN AND COHOES, IOP FOR RICHARDSON FOR INFO

EO 11652: N/A

TAGS: MTN, ETRD

SUBJECT: PRESS REACTION TO ITC RECOMMENDATIONS ON FOOTWEAR

1. PRESS REACTION TO ITC RECOMMENDATIONS ON FOOTWEAR

HAS BEEN MODERATE, BUT POINTED, JUDGING BY PAPERS

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AVAILABLE THUS FAR IN GENEVA.

2. THE INTERNATIONAL HERALD TRIBUNE, FEB 24, CARRIED FACTUAL AP/DOW JONES DISPATCH FROM WASHINGTON BASED ON ITC PRESS RELEASE. ABOUT ONE-THIRD OF ARTICLE IS A REPORT ON SHOE RETAILERS' REQUEST THAT PRESIDENT REJECT ITC RECOMMENDATIONS. FINANCIAL TIMES, SAME DAY, ALSO REPORTED RETAILERS' STATEMENT THAT IMPORT RESTRICTIONS WOULD BE "RIDICULOUS" IN ADDITION TO REPORTING FACTS OF ITC ACTION.

3. DIE WELT LINKED CASE TO SKIMMED MILK POWDER ISSUE WITH EC STATING "IT SEEMS THAT EC TRADE PROTESTS ARE NOT TAKEN VERY SERIOUSLY ANY MORE BY THE US. ONE GOOD REASON IS THE FACT THAT THE USDA IS KEEPING A CAREFUL EYE ON EC ATTEMPTS TO KEEP DOWN SOYA BEAN IMPORTS BY REQUIRING THE USE OF SKIMMED MILK POWDER IN FEED. ALTHOUGH NO OFFICIAL STATEMENT IS AVAILABLE, ACCORDING TO THE US VIEW, THISPROCEDURE WOULD VIOLATE ACCEPTED PRACTICES."

4. INFLUENTIAL NEUE ZURCHER ZEITUNG GAVE STRAIGHT FACTUAL ACCOUNT ALSO MENTIONING RETAILERS' POSITION, IE, THAT THE DIFFICULTIES OF THE US SHOE INDUSTRY ARE DUE LESS TO IMPORTS THAT TO FAILURE TO KEEP UP WITH FASHION AND THE LATEST TECHNOLOGY.

5. WIDELY READ EUROPEAN REPORT, BRUSSELS, SAID LATEST ITC "CALL FOR PROTECTIONIST MEASURES TO BE TAKEN BY THE US PRESIDENT --THIS TIME ON SHOES -- WAS AN INAUSPICIOUS CURTAIN-RAISER" FOR THE VISIT TO WASHINGTON BY EC COMMISSION PRESIDENT ORTOLI. BRUSSELS' AGENCY EUROPE CARRIED STORY WITHOUT EDITORIALIZING.

6. AGEFI (SWISS FINANCIAL NEWS SERVICE), FEB 25, IN ARTICLE ENTITLED "PROTECTIONISM CONTINUES ON ITS WAY IN THE US.," DATED LINED WASHINGTON, USED ITC RECOMMENDATIONS AS LEAD IN TO DISCUSSION OF WAYS AND MEANS COMMITTEE CONSIDERATION OF IMPORT RESTRICTIONS ON ELECTRONIC WATCHES AND STR ANNOUNCEMENT OF GSP MODIFICATIONS.

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7. SEVERAL PAPERS PUBLISHED STORIES LATER IN THE WEEK. II SOLE 24 ORE, MILAN, FEB 26, IN LENGTHY ARTICLE ENTITLED "ITALIAN SHOES TARGET OF US NEO-PROTECTIONISM" SAID "IL SOLE WAS THE FIRST TO PREDICT A FEW MONTHS AGO THAT WITH THE AMERICAN ELECTIONS APPROACHING, PROTECTIONISM WOULD AGAIN BE A THREAT DESPITE THE TOKYO ROUND...OUR PROPHECY IS ALREADY PROVING TO BE CORRECT...

CONGRESS IS NOW IN AN ELECTION CAMPAIGN AND MEMBERS SEEK TO INSURE RE-ELECTION. IT IS VERY PROBABLY THAT THEY WILL CEDE TO PROTECTIONIST PRESSURES." THE ARTICLE PREDICTED THAT THERE WILL BE MORE CASES DOWN THE ROAD AND CONCLUDED THAT INCREASED TARIFFS, ON TOP OF INCREASED PRODUCTION COSTS IN ITALY WOULD BE A SEVERE BLOW TO THE ITALIAN INDUSTRY.

8. LES ECHOS, PARISIAN ECONOMIC DAILY, FEB 27, CARRIED ONE PARA ON SUBJECT ENTITLED "US WANTS TO PROTECT ITSELF AGAINST IMPORTS." LIKE MOST REPORTS ARTICLE DID NOT MENTION FRENCH TRADE INTEREST, ALTHOUGH FINANCIAL TIMES DID EARLIER IN WEEK. HOWEVER LES ECHOS GAVE EXTENSIVE COVERAGE TO CLOSING OF THIRD SHOE FACTORY IN TWO WEEKS IN INDUSTRIAL TOWN OF FOUGERES DUE TO DECLINING SALES IN SEPARATE ARTICLE.

9. FIGARO, FEB 27, IN ARTICLE ENTITLED "US PROTECTIONISM GAINS GROUND" STATED "FRENCH AND EUROPEAN INDUSTRIALISTS ARE CONVERNED AT THE PROTECTIONIST DEMANDS BY US FIRMS IN THE CURRENT ELECTORAL PERIOD....THE ADMINISTRATION REMAINS OFFICIALLY OPPOSED TO ALL FORMS OF PROTECTIONISM, AND ACCORDING TO EC COMMISSION PRESIDENT ORTOLI, ON AN OFFICIAL VISIT TO WASHINGTON, GERALD FORD REAFFIRMED HIS COMMITMENT TO FREE TRADE...BUT IN FACT, THE ATTITUDE OF THE US GOVERNMENT CAN BE JUDGED DURING THE NEXT FEW WEEKS REGARDING TWO SPECIFIC CASES: SPECIALITY STEELS AND FOOTWEAR...ONE OF THE CHARACTERISTICS OF THE PRESENT PROTECTIONIST MOVEMENT IS THAT IT TENDS TO BE BASED NOT ONLY ON ARGUMENTS OF PRICE AND MARKETS, BUT INCREASINGLY ON DIFFERENCES IN THE ECONOMIC SYSTEMS OF THE US AND ITS COMPETITORS." LIKE LES ECHOS, FIGARO DIRECTED GREATER ATTENTION TO FOUGERES SITUATION THAN T ITC
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RECOMMENDATIONS. WALKER

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